

II. PROGRAM PARTICIPATION REQUIREMENTS

A. Overview

The California Capital Access Small Business Program (CalCAP SB) encourages banks and other financial institutions to make loans to small businesses that have difficulty obtaining financing.

CalCAP SB is a form of loan portfolio insurance which may provide up to 100% coverage on certain loan defaults. By participating in CalCAP SB, lenders have available to them a proven mechanism to meet the financing needs of California's small businesses.

	Small Business Lending
Business Requirements ☞ Full Text of CalCAP Regulations can be found in Chapter VIII.	<ul style="list-style-type: none">▪ \$2.5M max. per loan▪ \$5M max. per business▪ 500 employees or fewer
Authorized Loan Types or Uses ☞ Full Text of CalCAP Regulations can be found in Chapter VIII.	<ul style="list-style-type: none">▪ Acquisition of Land▪ Construction or Renovation of Buildings▪ Purchase of Equipment▪ Other Capital Projects including Working Capital

B. Small Business Lending

The CalCAP SB program offers lenders a mechanism to provide loans to small businesses that may otherwise not be able to obtain a loan under conventional underwriting. With CalCAP SB, lenders are able to cover portions of loans that exceed the risk threshold normally set for business loans.



Almost any business loan is eligible under CalCAP SB, with few exceptions noted below. Loans can be used to finance the acquisition of land, construction or renovation of buildings, the purchase of equipment, other capital projects and working capital.



There are limitations on real estate loans and loan refinancing. Other prohibited uses of loan proceeds include but are not limited to gambling facilities, bars, and adult entertainment business.



Refer to CalCAP Regulations 8070 and 8072 as appended in Chapter VIII for full disclosure of eligible and ineligible uses of loan proceeds.

Flexibility	Restrictions
<ul style="list-style-type: none">▪ Lenders set all the terms and conditions of the loans and decide which loans to enroll into CalCAP SB.▪ Lenders determine the premium levels to be paid by the borrower and lender (within the parameters of the Program). Premiums are placed in the lender's loss reserve account as each CalCAP SB loan is enrolled.▪ Loans can be short- or long-term, have fixed or variable rates, be secured or unsecured, and bear any type of amortization schedule.▪ Lenders can enroll all or a portion of a loan.▪ Lenders can restructure loans by extending terms of CalCAP SB loans, amending covenants or releasing collateral.	<ul style="list-style-type: none">▪ \$5 million maximum loan enrollment amount per business.▪ \$2.5 million maximum loan enrollment per individual loan every 3 years.▪ \$100,000 maximum lender/borrower contribution for any single borrower in a three year period.▪ The business activity resulting from the bank's loan must be created and retained in California.▪ The borrower's primary business and at least 51% of its employees or business income, sales or payroll must be in California.▪ The borrower's business must be in one of the industries listed in the qualified Standard Industry Classification (SIC) or the North American Industry Classification System (NAICS) codes list. ☞ NAICS: http://www.census.gov/eos/www/naics▪ The small business must be classified as a small business under U.S. Small Business Administration guidelines (Title 13 of the Code of Federal Regulations) and have fewer than 500 employees. ☞ U.S. Small Business Administration Guidelines: http://www.ecfr.gov